



Los Angeles County  
Board of Supervisors

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January 13, 2009

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at a County facility:

(1)	Account Number	LAC+USC – Various	\$ 7,388
(2)	Account Number	LAC+USC – 7029880	\$ 18,358
(3)	Account Number	H/UCLA – Various	\$ 62,826
(4)	Account Number	H/UCLA – 8062085	\$ 822,523

Trauma patients who received medical care at non-County facilities:

(5)	Account Number	EMS 195	\$ 25,000
(6)	Account Number	EMS 500	\$ 31,867
(7)	Account Number	EMS 169	\$ 45,000

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### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) – (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offer of settlement for patient account (5) is recommended because the amount is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (6) – (8) are recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$1,012,962.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'J. Schunhoff', written in a cursive style.

John F. Schunhoff, Ph.D.  
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISE\BOLDTR#73\LETTER HSA & EMS)

Attachments (7)

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: January 13, 2009

Total Charges	\$62,920	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	<del>\$62,920</del>	Date of Service	Various
Compromise Amount Offered	<del>\$7,388</del>	% Of Charges	<del>12%</del>
Amount to be Written Off	\$55,532	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$62,920 for medical services rendered. The patient did not apply for Medi-Cal or any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement *
Lawyer's Fees	\$10,000	\$10,000	40%
Lawyer's Cost	\$612	\$612	2%
LAC+USC Medical Center	\$62,920	<del>\$7,388</del>	<del>30%</del>
Other Lien Holders			
Patient		\$7,000	28%
Total		<del>\$25,000</del>	100%

\* This settlement distribution is consistent with the Hospital Lien Act (California Civil Statute 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. Attorney's fee of 40% was agreed upon between the patient and his attorney in the retainer agreement.

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: January 13, 2009

Total Charges	\$239,180	Account Number	7029880
Amount Paid	\$0	Service Type	Inpatient
Balance Due	<del>\$239,180</del>	Date of Service	2/15/08-3/6/08
Compromise Amount Offered	<del>\$18,358</del>	% Of Charges	<del>8%</del>
Amount to be Written Off	\$220,822	Facility	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient charges of \$239,180 for medical services rendered. The patient has restricted Medi-Cal that did not cover for emergency admissions. The patient's third party liability (TPL) claim settled for \$50,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$16,666	\$16,666	33%
Lawyer's Cost	\$475	\$475	1%
LAC+USC Medical Center *	\$239,180	<del>\$18,358</del>	<del>37%</del>
Other Lien Holders *	\$2,331	\$1,500	3%
Patient		\$13,001	26%
Total		<del>\$50,000</del>	100%

\* Lien holders are receiving 40% of the settlement (37% to LAC+USC Medical Center and 3% to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: January 13, 2009

<b>Total Charges</b>	\$155,500	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	<del>\$155,500</del>	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	<del>\$62,826.19</del>	<b>% Of Charges</b>	<del>40%</del>
<b>Amount to be Written Off</b>	\$92,673.81	<b>Facility</b>	H/UCLA Medical Center

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$155,500 for medical services rendered. The patient did not apply for Medi-Cal or any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$390,000, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$125,217.46	\$125,217.46	32%
<b>Lawyer's Cost</b>	\$76,956.35	\$76,956.35	20%
<b>LAC+USC Medical Center</b>	\$155,500	<del>\$62,826.19</del>	<del>16%</del>
<b>Other Lien Holders</b>			
<b>Patient</b>		\$125,000	32%
<b>Total</b>		<del>\$390,000</del>	100%

According to the DHS' outside collection agency's assessment, the County may not be successful in litigating this case and it would not be cost-effective since the additional money recovered would only be enough to pay for the agency's commission and attorney fees. It appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: December 13, 2009

<b>Total Charges</b>	\$967,674	<b>Account Number</b>	8062085
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	<del>\$967,674</del>	<b>Date of Service</b>	11/27/06-2/25/07
<b>Compromise Amount Offered</b>	<del>\$822,522.90</del>	<b>% Of Charges</b>	<del>85%</del>
<b>Amount to be Written Off</b>	\$145,151.10	<b>Facility</b>	H/UCLA Medical Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations. The offer is higher than variable cost and estimated Medi-Cal reimbursement.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: January 13, 2009

<b>Total Charges (Providing Facility)</b>	\$83,889	<b>Account Number</b>	EMS195
<b>Amount Paid to Providing Facility</b>	\$17,500	<b>Service Type</b>	Inpatient
<b>Compromise Amount Offered</b>	\$25,000	<b>Date of Service</b>	1/21/04-1/26/04
		<b>% of Payment Recovered</b>	143%

### JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident; the patient was treated at Holy Cross Hospital and incurred total inpatient charges of \$83,889 for medical services rendered. The facility has received payment from the Los Angeles County Trauma Fund in the amount of \$17,500. The patient's third-party claim has been settled for \$100,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$100,000)</b>
<b>Attorney fees</b>	\$33,000	\$33,333	33.3%
<b>Los Angeles County</b>	\$83,889	\$25,000	25.0%
<b>Other Lien Holders</b>	\$13,283	\$3,569	3.6%
<b>Patient</b>		\$38,098	38.1%
<b>Total</b>		\$100,000	100.00%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.



## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6  
DATE: January 13, 2009

<b>Total Charges (Providing Facility)</b>	\$80,463	<b>Account Number</b>	EMS500
<b>Amount Paid to Providing Facility</b>	\$27,864	<b>Service Type</b>	Inpatient
<b>Compromise Amount Offered</b>	\$31,867	<b>Date of Service</b>	10/11/07-10/17/07
		<b>% of Payment Recovered</b>	114%

### JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident; the patient was treated at Holy Cross Hospital and incurred total inpatient charges of \$80,463 for medical services rendered. The facility has received payment from the Los Angeles County Trauma Fund in the amount of \$27,864. The patient's third-party claim has been settled for \$100,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$100,000)</b>
<b>Attorney fees</b>	\$25,000	\$25,000	25.0%
<b>Los Angeles County</b>	\$80,463	\$31,867	31.9%
<b>Other Lien Holders</b>	\$14,224	\$5,633	5.6%
<b>Patient</b>		\$37,500	37.5%
<b>Total</b>		\$100,000	100.00%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7  
DATE: January 13, 2009

<b>Total Charges (Providing Facility)</b>	\$105,630	<b>Account Number</b>	EMS169
<b>Amount Paid to Providing Facility</b>	\$27,864	<b>Service Type</b>	Inpatient
<b>Compromise Amount Offered</b>	\$45,000	<b>Date of Service</b>	9/25/07-9/29/07
		<b>% of Payment Recovered</b>	161%

### JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident; the patient was treated at Holy Cross Hospital and incurred total inpatient charges of \$105,630 for medical services rendered. The facility has received payment from the Los Angeles County Trauma Fund in the amount of \$27,864. Due to the economic situation of the patient and his needs for future medical care, the attorney has waived his 33% fees. The patient's third-party claim has been settled for \$218,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$218,000)</b>
<b>Attorney fees</b>	\$72,667	\$0	0%
<b>Los Angeles County</b>	\$105,630	\$45,000	20.0%
<b>Patient</b>		\$173,000	80.0%
<b>Total</b>		\$218,000	100.00%

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.